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TAGS: [EAID](#) [ECON](#) [EFIN](#) [UNGA](#)
SUBJECT: DEMARCHE ON UN CONFERENCE ON DEVELOPMENT IMPACT
OF CRISIS

¶1. (U) This is an action request. Please see paragraph three.

¶2. (SBU) Summary. United Nations (UN) member states are preparing to participate in the June 1-3 UN "Conference on the World Financial and Economic Crisis and its Impact on Development" to be presided over by the President of the General Assembly (PGA), Miguel D'Escoto Brockman of Nicaragua. Through his public comments on the conference, and the release of a strident and unbalanced first draft of a conference outcome document, the PGA injected his personal economic views into the conference preparation process, which threatens to divert the focus of the conference. Rather than being a forum for member states to discuss the impact of the financial crisis on developing countries, the PGA is attempting to turn the conference into a debate on expanding the UN's role on the international economic stage. The conference is far too important to be sidetracked and Washington requests addressee posts to solicit support for a productive conference that brings nations closer together. There is often a disconnect between economic ministries in capitals and the UN missions in New York, so the Department requests addressee posts to demarche senior officials in the finance, economic, and development ministries, as appropriate, in addition to foreign affairs personnel to encourage their direct engagement on this issue. End Summary.

ACTION REQUEST

13. (SBU) We ask addressee posts (in G20 and key G77 countries) to solicit support for a productive conference based on constructive engagement by demarching the finance, economic, development and foreign affairs ministries, as appropriate, to encourage their direct engagement with their UN representative officials.

BACKGROUND

14. (SBU) At last December's Financing for Development Conference in Doha, Qatar, participants agreed that the UN General Assembly (UNGA) would hold a conference on the World Financial and Economic Crisis and its Impact on Development. Member states in New York subsequently agreed that the conference would focus on the present and future impact of the crisis on employment, trade, investment and development in the developing world and the need for coordinated and collaborative actions to mitigate the impact of the economic downturn on development. They agreed to emphasize the role of the United Nations and its member states in the ongoing international discussions on reforming and strengthening the international financial and economic system and architecture. The United States believes the Conference will be an important opportunity to share information and give voice to developing countries, particularly smaller nations that have not yet had an international platform to express their views. It also affords the opportunity to increase awareness of the effects of the crisis on specific countries.

15. (SBU) The PGA released a draft outcome document for the conference on May 8 that the U.S. and many other countries have rejected as a starting point for negotiations. It was drafted without regard for the modalities agreed upon for the conference and disregarded a shorter text by the conference co-facilitators from The Netherlands and St. Vincent and the Grenadines. The PGA draft references the establishment of nine new UN bodies in economic or financial areas; intrudes on policy prerogatives, operations or authorities of the IMF and World Bank; exerts authority over domestic financial market regulation; and prejudges the outcome of negotiations in other fora on trade, debt and economic issues over which the UNGA has no jurisdiction. The EU, Canada, Australia, and New Zealand have objected in writing to the process by which the PGA's office created the document, and up to this point, have declined to be drawn into efforts to merge the PGA's draft with the eight-page draft the co-facilitators created. Other developed countries are unanimous in their opposition to the PGA's draft which is severely unbalanced and features a strident tone inappropriate for a diplomatic agreement. The full text of the PGA's draft is available at the following link: ([http://www.un.org/ga/president/63/ interactive/financialcrisis/outcomedoc.pdf](http://www.un.org/ga/president/63/interactive/financialcrisis/outcomedoc.pdf)).

16. (SBU) If passed, the current draft of the outcome document would not be legally binding but it could negatively impact the UN's work going forward by further discrediting the UN as a forum for serious and constructive discussions of economic and development issues, straining relations with other international organizations, and making it more difficult to make progress on other important issues. The PGA's draft proposes a continuing technical and ministerial process to implement the document (under the direction of the current PGA) beyond the completion of his term of office. This would likely ensure a full menu of contentious negotiations for some period of time, complicating efforts to make progress in the UN on other development issues.

17. (SBU) At its April 2 meeting in London, the leaders of the G20 pledged to promote economic recovery, repair the financial system, strengthen financial regulation, and

reform our international financial institutions. To this end, they established a new Financial Stability Board (FSB), as successor to the Financial Stability Forum (FSF), whose mandate is to promote international financial stability through enhanced information exchange and international cooperation in financial market supervision and monitoring. The FSB expands on the membership of its predecessor organization and includes the original member states of the FSF, plus the G20, Spain and the European Commission. The leaders of the G20 also committed to expanding voice and representation in the IMF and the World Bank and pledged USD 1.1 trillion to restore credit, growth, and jobs in the world economy. Given the decisive action taken by the G20, in the areas of financial and regulatory reform, as well as reform of the international financial institutions. UNGA should avoid proposing confusing alternatives of its own, many of which address the same points already tackled by world leaders.

OBJECTIVES

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18. (SBU) The objectives of this demarche are to:

--Ensure the conference continues as scheduled and focuses, as previously agreed, on the development impact of the economic crisis.

--Engage economic and financial experts on the importance of ensuring that the important financial stabilization and economic recovery efforts of the G20 process remain on track. We believe that economic policy makers in addressee countries likely share this goal and it is important that decisions regarding the content of the draft outcome document and the dialogue at the conference reflect countries' economic policies as set out by political leaders rather than the personal and less comprehensive views of officials posted to the UN in New York.

--Prevent the UN General Assembly from miring itself in a debate over its potential role as a body for international regulation and oversight.

NON PAPER

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19. (SBU) Key messages for all action posts: (Note: Posts may leave these points with host countries as a non-paper).

--We look forward to an informative and constructive United Nations Conference on the World Financial and Economic Crisis and its Impact on Development, June 1-3, 2009 in New York. The conference represents an important forum for developing countries to give voice to their concerns and to raise awareness and understanding of the effects of the global economic downturn. It is also an opportunity for all member states to share information on responses, both national and international, that are underway to help mitigate the impact of the crisis and preserve development gains.

--At the June conference, we would like to join other member states in reaffirming our commitment to development and where we can, together, demonstrate the steps that are being taken to help ameliorate the effects of the financial and economic crisis on the developing world, particularly among the poorest and most vulnerable.

--We and many other member states have stated that the draft outcome document distributed by the President of the General Assembly (PGA) on May 8 is not an acceptable starting point for reaching consensus. The manner in which this document was drafted and released violated explicit understandings between member states on the conference preparation process agreed upon in New York in March 2009.

--We would like to see an outcome document that reflects a consensus. The PGA's draft could only be adopted by a divisive vote. An outcome from the conference that does not enjoy consensus would badly discredit the UN and its ability to bring states together on economic and development issues, particularly during times of crisis

--We hope that member states can return soon to the focused and intergovernmental negotiating process we all agreed to in the modalities resolution.

--Given the importance of the issues that will be discussed at the conference, we encourage the involvement of appropriate financial and economic as well as foreign affairs officials from member states. Our hope is that these officials can advise their governments to support a constructive outcome reflecting the work underway in other fora.

¶10. (U) Washington points of contact are Daniela Ballard (IO/EDA) or Katherine "Kemy" Monahan (EEB/IFD/ODF). Posts should contact these officers directly with time-sensitive updates or for additional information. Demarche reports would be most useful if received by May 22. Please slug cables for IO/EDA/DBallard and EEB/IFD/ODF/KEMonahan.
CLINTON